

Honolulu, Hawaii

FEB 12 2019

RE: S.B. No. 858  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 858 entitled:

"A BILL FOR AN ACT PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII CONSTITUTION TO AUTHORIZE THE COUNTIES TO ISSUE TAX INCREMENT BONDS AND TO EXCLUDE TAX INCREMENT BONDS FROM DETERMINATIONS OF THE FUNDED DEBT OF THE COUNTIES,"

begs leave to report as follows:

The purpose and intent of this measure is to propose amendments to the Constitution of the State of Hawaii to expressly provide that the Legislature may authorize the counties to issue tax increment bonds and to exclude tax increment bonds in determining the funding debt of the counties.

Your Committee received testimony in opposition to this measure from the Land Use Research Foundation of Hawaii. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that bonds are one method that counties use to finance infrastructure and to support other county functions. Your Committee further finds that tax increment bonds are bonds, the principal of and interest on which are payable from and secured solely by all real property taxes levied by a political subdivision such as a county. This measure enables the



counties to issue tax increment bonds to raise revenues. Your Committee additionally finds that it may be unwise to treat debt from the issuance of tax increment bonds differently than any other debt of the counties.

Accordingly, your Committee has amended this measure by:

- (1) Removing the exclusion of tax increment bonds from determinations of the funded debt of the counties; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 858, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 858, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary,



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KARL RHOADS, Chair



